

Message Text

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64

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 AID-05 FRB-01 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 OMB-01 AGR-10 AGRE-00 ABF-01

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R 101400Z SEP 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 7040

UNCLAS BUENOS AIRES 5899

E.O. 11652: N/A

TAGS: EFIN, AR

SUBJECT: AUGUST COST OF LIVING

REF: (A) BUENOS AIRES 5108, (B) BUENOS AIRES 5742, (C) BUENOS
AIRES 5796

1. THE OFFICIAL CONSUMER'S PRICE INDEX (CPI) ROSE 5.5 PERCENT IN AUGUST AND 6.7 PERCENT ON A SEASONALLY ADJUSTED BASIS. THE AUGUST RISE WAS LARGER THAN THE INCREASE OF 4.2 IN JULY PRIMARILY BECAUSE OF SHARPLY RISING FOOD PRICES (8.3 PERCENT); NON-FOOD ITEMS INCREASES REMAINED RELATIVELY MODERATE (CLOTHING 1.0 PERCENT, GENERAL EXPENSES 3.0, HOUSEHOLD ITEMS 2.7 AND HOUSING 1.8). THE CPI GREW 202.4 PERCENT DURING FIRST EIGHT MONTHS OF 1976 AND 396.1 PERCENT ON AN ANNUAL BASIS (AUGUST 1975/AUGUST 1976).

2. COMMENT: WHILE THE INFLATION RATE IS STILL LOW BY ARGENTINE STANDARDS, THERE IS INCREASING CONCERN AT THE UPWARD INFLATIONARY TREND SINCE JUNE. SEPTEMBER CPI IS EXPECTED TO BE HIGHER THAN IN AUGUST AS A RESULT OF FURTHER STRONG PRICE INCREASES IN MEAT AND VEGETABLES, FUELS AND TRANSPORT SERVICES (REFTEL B), THE 12 PERCENT GENERAL WAGE INCREASE AS OF SEPTEMBER 1 (REFTEL C), AND THE RECENTLY EFFECTIVE DEVALUATION OF
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EXCHANGE RATES FOR IMPORTS AND EXPORTS.

CHAPLIN

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NNN

Message Attributes

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